

Murray Estates RH Limited

Financial Statements for the year ended 30 June 2013 together with
Directors' and Independent Auditor's Reports

Registered Number: SC334587

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Report of the Directors

The directors present their report and the financial statements of the Company for the year ended 30 June 2013.

Principal activities

The principal activity of the Company during the period was the investment in UK residential undertakings for medium and long-term performance. The Company itself did not trade during the year.

Going concern

The financial statements have been approved on the assumption that the Company remains a going concern. The following paragraphs summarises the reasons on which the directors have reached their conclusion.

The company meets its day to day working requirements through inter-group funding from within the group of which Murray International Holdings Limited is the ultimate parent entity (the "Group"). The directors of the Group are in discussion with its funders regarding the continuation of these facilities to support the Group's short to medium term plan of disposal of the Group's assets.

In addition the Group has, since the middle of 2013, been in discussions with the Trustees of Murray International Holdings Staff Pension and Life Assurance Plan (the "Scheme"), a defined benefit pension arrangement, with a view to negotiating a compromise agreement with the Trustees of the Scheme in respect of the Group's liability to the Scheme. At the date of finalising the financial statements, these discussions are ongoing. An outcome from the discussions with the Trustees is required in advance of the separate negotiations regarding continuation of the Group's bank facilities to support the implementation of the asset disposal programme as discussed in the Chairman's Statement and the Operations Report of the Group's financial statements for the year ended 30 June 2013.

Given the uncertainty over the continuation of bank funding and the finalisation of a compromise agreement of the Scheme, the board of directors and shareholders of the company have concluded that there is a material uncertainty that casts significant doubt upon the company's ability to continue as a going concern.

Nevertheless after making enquiries, and considering the uncertainties described above, the directors have formed a judgement that, at the time of approval of the financial statements, the company has sufficient resources to continue operating for the foreseeable future. For these reasons, they continue to adopt the going concern basis to prepare the financial statements.

Directors of the Company

The directors who served the Company during the year and to the date of this report were as follows:

Sir D E Murray
J R Davies (resigned 28 February 2014)
M S McGill

Report of the Directors (continued)

Directors' responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Financial risk management

The Company's operations expose it to a variety of financial risks as discussed below. The Company has a risk management programme that seeks to limit the effect of such risks on financial performance.

Foreign currency risk

The Company does not enter into foreign currency transactions. The directors therefore consider the Company is not exposed to any foreign currency movement risk.

Credit risk

The Company's exposure to credit related losses in the event of the non-performance by counterparties is mitigated by the nature of the Company's trade. Land and property transactions are completed only when the counterparty delivers the necessary funds.

Liquidity risk

Operations are financed by income generated from sales and a loan from Murray Estates Limited. The objective is to ensure funding which offers flexibility and cost effectiveness to match the needs of the Company and Group.

Cashflow risk

The Company has arranged funding entirely through Murray Estates Limited.

Report of the Directors (continued)

Auditor

Grant Thornton UK LLP, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with Section 487(2) of the Companies Act 2006 unless the Company receives notice under Section 488(1) of the Companies Act 2006.

Small company provisions

This report has been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006.

BY ORDER OF THE BOARD



M S McGill
Director
27 March 2014

Report of the Independent Auditor to the member of Murray Estates RH Limited

We have audited the financial statements of Murray Estates RH Limited for the year ended 30 June 2013 which comprise the profit and loss account, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's member, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's member those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's member as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with the applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2013 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of matter - Going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in the statement of accounting policies, concerning the company's ability to continue as a going concern. As explained in the statement of accounting policies, the company is dependent on the continued support of the bank and the finalisation of a compromise agreement of the pension scheme and these conditions along with the other matters explained in the statement of accounting policies, indicate the existence of a material uncertainty which casts significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Report of the Independent Auditor to the member of Murray Estates RH Limited (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements and the directors' report in accordance with the small companies regime.



Lorraine Macphail
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Glasgow
28 March 2014

Profit and Loss Account

	Notes	2013 £	2012 £
Other operating expenses	2	(1)	(1,003)
Operating loss		(1)	(1,003)
Loss on ordinary activities before taxation	4	(1)	(1,003)
Tax on loss on ordinary activities	5	-	-
Loss for the financial year	9/10	(1)	(1,003)

The current and prior year results have been derived wholly from continuing operations.

The Company has no recognised gains or losses in the current and prior year other than the reported results for the year and therefore no Statement of Total Recognised Gains and Losses is presented.

The reported loss on ordinary activities before taxation equates to the historical cost loss on ordinary activities before taxation.

The accompanying notes form an integral part of this profit and loss account.

Balance Sheet

	Notes	2013 £	2012 £
Fixed assets			
Investments	6	20,051	20,051
Current assets			
Cash in bank		5	5
Creditors: amounts falling due within one year	7	<u>(675,738)</u>	<u>(675,737)</u>
Net current liabilities		<u>(675,733)</u>	<u>(675,732)</u>
Net liabilities		<u>(655,682)</u>	<u>(655,681)</u>
Capital and reserves			
Called-up share capital	8	1,000	1,000
Profit and loss account	9	<u>(656,682)</u>	<u>(656,681)</u>
Shareholders' deficit	10	<u>(655,682)</u>	<u>(655,681)</u>

The accompanying notes form an integral part of this balance sheet.

These financial statements have been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006.

These financial statements were approved and authorised for issue by the directors on 27 March 2014 and are signed on their behalf by:



M S McGill
Director

The Company's registration number is SC334587.

Notes to the Financial Statements

1. Accounting policies

The principal accounting policies which have been applied consistently throughout the current and prior year are:

(a) Basis of accounting

The financial statements are prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards, unless otherwise stated.

No consolidated financial statements have been prepared for the Company and its subsidiary and joint venture undertakings under the terms of Section 400 of the Companies Act 2006 which exempts parent companies whose financial statements are included in the financial statements of a larger group from preparing consolidated financial statements. Note 12 contains details of the ultimate holding company.

No cash flow statement has been presented as provided by FRS 1 (Revised) as the consolidated financial statements of the ultimate holding company (Note 12) contain a consolidated cash flow statement and are publicly available.

The financial statements have been approved on the assumption that the Company remains a going concern. The following paragraphs summarises the reasons on which the directors have reached their conclusion.

The company meets its day to day working requirements through inter-group funding from within the group of which Murray International Holdings Limited is the ultimate parent entity (the "Group"). The directors of the Group are in discussion with its funders regarding the continuation of these facilities to support the Group's short to medium term plan of disposal of the Group's assets.

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Given the uncertainty over the continuation of bank funding and the finalisation of a compromise agreement of the Scheme, the board of directors and shareholders of the company have concluded that there is a material uncertainty that casts significant doubt upon the company's ability to continue as a going concern.

Nevertheless after making enquiries, and considering the uncertainties described above, the directors have formed a judgement that, at the time of approval of the financial statements, the company has sufficient resources to continue operating for the foreseeable future. For these reasons, they continue to adopt the going concern basis to prepare the financial statements.

(b) Investments

Investments in subsidiary and joint venture undertakings are stated at cost less provision for impairment.

(c) Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

The taxation liabilities of certain group undertakings are reduced wholly or in part by the surrender of losses by fellow group undertakings. The tax benefits arising from group relief are normally given for nil consideration.

Notes to the Financial Statements (continued)

1. Accounting policies (continued)

(c) Taxation (continued)

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is not recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

2. Other operating expenses

The following is charged to other operating expenses:

	2013	2012
	£	£
Administrative expenses	<u>1</u>	<u>1,003</u>

3. Staff costs

The Company had no employees during the current and prior year and none of the directors received any remuneration from the Company or from other undertakings in respect of services to it (2012 - £Nil).

4. Loss on ordinary activities before taxation

In the current year and prior year audit fees were borne by another group undertaking.

Notes to the Financial Statements (continued)

5. Tax on loss on ordinary activities

The tax charge comprises:

	2013 £	2012 £
Current tax		
UK corporation tax	-	-

The difference between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the loss it before tax is as follows:

	2013 £	2012 £
Loss on ordinary activities before tax	(1)	(1,003)
Tax on loss on ordinary activities at standard UK corporation tax rate of 23.75% (2012 – 25.5%)	-	(256)
Effects of:		
Unrelieved tax losses and other deductions	-	1
Expenses not deductible for tax purposes	-	255
Current tax charge for the year	-	-

The Company suffers its losses in the UK, therefore the tax rate used for tax on loss on ordinary activities is the standard rate for UK corporation tax, currently 23.75% (2012 - 25.5%).

No deferred tax provision has been made in the current year. In the opinion of the directors there is an unprovided deferred tax asset at 30 June 2013 of £146,650 (2012 - £153,026).

6. Investments

	2013 £	2012 £
Investments in subsidiary undertakings	20,051	20,051

The Directors reviewed the carrying value of investments in subsidiary undertakings at 30 June 2013 and considered that a provision of £Nil (2012 -£1,000) was required.

	Country of registration	Principal activity	Holding
Murray Estates Residential Limited	United Kingdom	Development of Land	100%
Murray Estates Dalmarnock Limited	United Kingdom	Non-trading	100%
Freespace Living Limited	United Kingdom	Residential property	100%
Premier Burrell Limited (*)	United Kingdom	Residential property	100%
Applecross Properties (Craighall) Limited (*)	United Kingdom	Residential property	100%

(*) An indirect shareholding through a subsidiary undertaking.

All holdings in subsidiary undertakings relate to the percentage of ordinary share capital held by the Company.

Notes to the Financial Statements (continued)

7. Creditors: amounts falling due within one year

The following are included in creditors falling due within one year:

	2013 £	2012 £
Amounts due to other group undertakings	675,688	675,687
Other creditors	50	50
	<u>675,738</u>	<u>675,737</u>

8. Called-up share capital

	2013 £	2012 £
Allotted, called-up and fully paid: 1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

9. Profit and loss account

The movement in the year was as follows:

	2013 £
Balance at 30 June 2012	(656,681)
Loss for the financial year	(1)
Balance at 30 June 2013	<u>(656,682)</u>

10. Reconciliation of movements in shareholders' deficit

	2013 £	2012 £
Loss for the financial year	(1)	(1,003)
Opening shareholders' deficit	(655,681)	(654,678)
Closing shareholders' deficit	<u>(655,682)</u>	<u>(655,681)</u>

Notes to the Financial Statements (continued)

11. Guarantees, contingencies and other financial commitments

a) Capital commitments

There were no capital commitments at 30 June 2013 (2012 - £Nil).

b) Contingent liabilities

The Company has guaranteed bank borrowings of the Company, its ultimate holding company, Murray International Holdings Limited, and certain fellow subsidiary undertakings by cross-guarantees. The total contingency at 30 June 2013 amounts to £296,361,267 (2012 - £286,892,408). The Company's obligations under the cross-guarantee are secured by a bond and floating charge over all of its assets.

c) VAT

The Company is registered for VAT purposes in a group of undertakings which share a common registration number. As a result it has jointly guaranteed the VAT liability of the group and failure by other members of the group to meet their VAT liabilities would give rise to additional liabilities for the Company. The directors are of the opinion that no additional liability is likely to arise.

12. Ultimate holding company

The immediate parent company is Murray Estates Limited and the ultimate holding company is Murray International Holdings Limited both of which are registered in Scotland.

The largest group in which the results of the Company are consolidated is that headed by the ultimate holding company whose principal place of business is at 10 Charlotte Square, Edinburgh EH2 4DR. Copies of Murray International Holdings Limited financial statements are available from the above address.

13. Ultimate control

Sir D E Murray, a director of the ultimate holding company (Note 12), and members of his close family control the Company as a result of controlling directly or indirectly 70% (2012 - 70%) of the issued share capital of the ultimate holding company.

14. Related party transactions

In accordance with the exemptions provided under Financial Reporting Standard 8 for companies whose voting rights are 100% owned within a group, the company has not disclosed transactions with other wholly owned subsidiary undertakings of the ultimate holding company (Note 12).